



CITY OF MORGAN HILL BELOW MARKET RATE HOUSING PROGRAM INFORMATION SHEET 2003

WHO IS ELIGIBLE?

First time homebuyers, who are Morgan Hill residents, those who work in Morgan Hill, and meet the gross annual income limits listed below. Current Morgan Hill residents who have been living in Morgan Hill for a year or more will have first priority.

<u>Income Level</u>	<u>Number of Persons in Household</u>				
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
<u>Lower</u>	FOR HOMES AT THIS INCOME LEVEL, THE INTEREST LIST IS CLOSED UNTIL FURTHER NOTICE				
<u>Median</u>	\$57,451- \$73,850	\$65,651- \$84,400	\$73,851 - \$94,950	\$82,101- \$105,500	\$88,651- \$113,950
<u>Moderate</u>	\$73,851 \$88,600	\$84,401 - \$101,300	\$94,951 - \$113,950	\$105,501-\$126,600	\$113,951-\$136,750

The Below Market Rate Program includes NEW HOMES in NEW SUBDIVISIONS, where in most instances the market rate homes begin at over \$500,000. The BMR homes range in price from \$137,050 to \$330,995 for 2, 3, and 4 bedroom homes to serve low to moderate income households. Also, as resales occur, these will be offered to the eligible applicants.

WHAT IS A FIRST TIME HOMEBUYER?

The BMR Program defines the following as first time homebuyers:

- 1) Those who haven't owned a home in the last three years;
- 2) Newly single head of households with children who may have been homeowners within the last three years but meet the income eligibility requirements;
- 3) Those who currently work in Morgan Hill, have sold their home in another County or State within the last three years and are current renters and meet the income eligibility requirements.

HOW DO I FINANCE MY PURCHASE?

Although the City does not provide direct mortgage assistance, the City's Housing Division provides information on programs available to first-time homebuyers; programs like the Mortgage Credit Certificate.

CAN I SELL MY BMR HOME AT ANY TIME IN THE FUTURE?

Absolutely. Each BMR home is governed by a Resale Agreement which requires that the home be owner-occupied, gives the City the first option to buy your home and restricts the resale of the home for 45 years.

Here's how it works. . .the resale formula is designed to give you a fair rate of return on your investment. For example, if you bought a BMR home for \$104,360 in 1990, your resale price today would be \$171,200.

Coupled with the reduction in the mortgage since the time of purchase, you would gain a **profit of over \$65,000**.

DOES THE CITY ALLOW CO-SIGNERS?

The City allows co-signers for **loan qualifying only**, not as co-buyers, unless all the buyers are qualifying under the City's maximum allowable income limits.

HOW CAN I PARTICIPATE?

The City of Morgan Hill's *Below Market Rate (BMR) Home Ownership Program* will be processing program applications as follows:

Morgan Hill Residents (First Priority "A"):

Eligible program participants will complete an Interest List Application and will be added to the first priority interest list on the day the Interest List Application is received. A letter will be sent out to you to confirm receipt of your application.

Next will be a Pre-Screening Application at **no charge**; this process will confirm your continued interest and eligibility by verifying income and residency. Our office will contact you for the pre-screening, approximately 24 months prior to the offering of a home.

Approximately one year prior to the offering of a home, you will complete a formal application. Applicants will be asked to purchase a BMR application, currently a cost of \$20 (non-refundable), and attend an information session. This is the phase where you will be asked to provide **all** the documentation required to purchase a BMR home. This information includes, but is not limited to residency and income verification, three years complete federal tax returns, loan pre-qualification letter, proof of the downpayment, closing costs, etc.

During the waiting period, applicants are recommended to continue saving funds for the downpayment, special assessments, closing costs, and clear any discrepancies or negative listings on the credit report.

Work in Morgan Hill (Priority "B"):

Eligible program participants who work in Morgan Hill will complete an Interest List Application and will be added to the second priority interest list on the day the Interest List Application is received.

Should you have any additional questions or concerns, please feel free to contact the Housing Services office at (408) 776-7373 or by e-mail at bahs@ch.morgan-hill.ca.gov

**BMR PURCHASE INTEREST LIST****Date Submitted:** _____**Work Phone:** _____ **Home Phone:** _____**Name:** _____**Address:** _____
Street Address

City

Zip Code

For office use only

Date:

Time:

Initials:

Occupation

Employer's Name

Address

Occupation

Employer's Name

Address

Check box for Household size: ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐ 8

Gross Annual Household Income: \$ _____

Lower Income Household applying for Median Income Housing ☐Check box/es for Number of Bedrooms desired: ☐ 1 ☐ 2 ☐ 3 ☐ 4
(May check more than one box)

For placement in the "A" Priority:

☐ Check box if Morgan Hill Resident, a resident since: _____

For placement in the "B" Priority:

☐ Check box if employed in Morgan Hill. List employer's address in the space below .

I have read the program's information sheet. I understand that among other things the BMR program is based on income qualifications and that the figures are updated once a year. To prevent cancellation, I need to update the address and/or phone when changes occur. _____

Initial

I understand that applications on the B category will be contacted only if a buyer cannot be identified from the Morgan Hill residents list. _____

Initial

I/we hereby certify, under penalty of perjury, that the information set forth above is true and correct.

Date_____
Signature